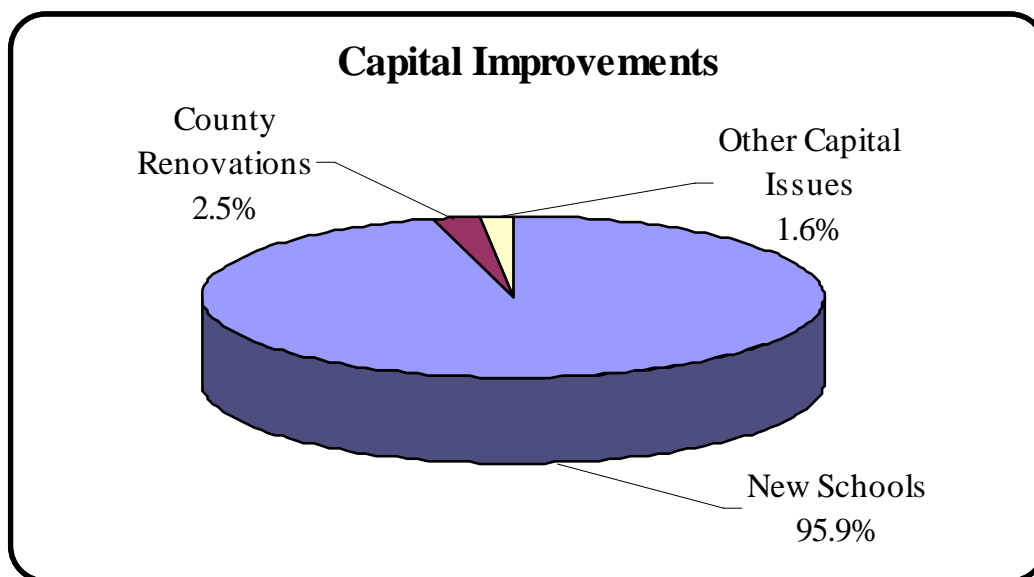
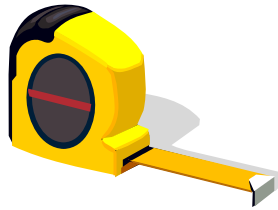


## CAPITAL IMPROVEMENTS FUND

|                      |                     |
|----------------------|---------------------|
| Construction         | \$49,358,688        |
| Other Capital Issues | \$ 670,000          |
|                      | <u>\$50,028,688</u> |



# CAPITAL IMPROVEMENTS FUND

## INTRODUCTION

The Capital Improvements Fund, including the Capital Improvements Program (CIP) of Fauquier County, is adopted by the Board of Supervisors as part of the budget process. The CIP is the largest element of the Capital Improvements Fund and includes projects and estimated costs for a ten-year period. The first year of the adopted CIP becomes the budgeted element for the next fiscal year while the out year projects and costs are for planning and program development purposes only. The remaining part of the Capital Fund includes other significant capital issues such as the replacement of motor vehicles. Beginning in FY 2005, many projects previously included in the Capital Improvements Fund such as personal computer replacement, small equipment replacement and the comprehensive maintenance programs were moved to various operating budgets. For FY 2007 the School Division included a number of cash funded projects in its operating budget which had previously been included in the Capital Fund. These projects are listed in the School Fund section of this document.

Fauquier County's Capital Improvements Fund approved projects for FY2007 are as follows:

### CAPITAL FUND PROJECTS FOR FY 2007

| Department  | Project Title   | Source of Funding | FY 2007<br>Adopted  |
|---|---|-------------------|---------------------|
| <b><u>Construction/Renovation</u></b>                   |   |                   |                     |
| Schools   | New High School<br><i>The County's third high school. Projected cost \$67.5 million; \$19.8 appropriated in FY 2006, \$11.0 million cash funded.</i>  | Bond Revenue      | \$36,694,000        |
| Schools   | Elementary School - Central<br><i>First of two appropriations totaling \$17.5 million to build a new elementary school in the central region of the County.</i>   | Bond Revenue      | \$9,000,000         |
| Schools   | Elementary School - Southern - Land<br><i>First of three appropriations to build a elementary school in the southern region of the County. This appropriation is to purchase land to build the school</i> | General Revenue   | \$1,760,688         |
|   | <b>Subtotal</b>   |                   | <b>\$47,454,688</b> |
| <b><u>Maintenance and Major Systems Replacement</u></b> |   |                   |                     |
| County  | Voice Over I.P. Telephone System  | General Revenue   | \$260,000           |
| County  | HVAC Replacement AJC Office Building  | General Revenue   | \$640,000           |
| County  | Renovation of Data Center ACS Building  | General Revenue   | \$620,000           |
| County  | Sheriff's Office Vehicle Replacement  | General Revenue   | \$410,000           |
| County  | Planning/Design Public Safety Facility  | General Revenue   | \$110,000           |
|   | <b>Subtotal</b>   |                   | <b>\$2,040,000</b>  |

AJC - Alice Jane Childs

The Fauquier County Capital Improvements Fund is designed to address and fund the construction or repair of public facilities, replacement of key systems (including vehicles) and major technology issues.

# CAPITAL IMPROVEMENTS FUND

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## CONSTRUCTION RESERVES

As part of the budget process a number of CIP requested projects are historically funded in part or completely from existing Construction Reserves. The two Construction Reserves, School Division and General County Government, were established by the Board of Supervisors in FY 2002. Appropriations are from half of the unexpended, undedicated prior year fund balance. No specific project(s) have been identified to be funded from the Construction Reserves for FY 2007. It is anticipated that available funds from these Reserves may be required to support costs related to new school construction.

## GENERAL

Capital improvements are considered to mean non-recurring projects of a fixed nature or long life, which provides new or additional public facilities or services. Project categories must have a minimum expected life span of twenty years for new construction, ten years for major systems replacement and five years for technology systems. Once funds are appropriated to the Capital Fund, the funds remain appropriated until the project is completed or the allotment is changed. Any change of funding between projects requires the recommendation of the Facilities and Finance Committees and approval of the Board of Supervisors. Residual funding from completed projects will be moved to the Construction Reserve accounts for use on other construction priorities.

## OPERATIONAL COSTS

Fiscal responsibility warrants an analysis of the financial impact of capital projects on operations. For this reason, Fauquier County analyzes all operating costs associated with capital expenditures in the Capital Improvements Fund. There are no projected operating costs in FY 2007 for projects approved for FY 2007. Operating costs for these projects begin in future years.

### Projects:

- New High School Operating Costs \$5.8 million beginning in FY 2009
- New Elementary School – Central Operating Costs \$3.7 million beginning in FY 2009
- New Elementary School – Southern Operating Costs \$3.7 million beginning in FY 2010

The FY 2007 Cash Funded CIP Projects are expected to produce operational cost savings and cost avoidance:

### Cost Savings

| <u>Project</u>                     | <u>Savings</u> | <u>Area of Savings</u>      |
|------------------------------------|----------------|-----------------------------|
| • Voice Over I.P. Telephone System | \$100,000      | Reduced Local Phone Charges |
| • Sheriff's Vehicle Replacement    | \$ 15,500      | Repairs, Fuel               |
| • HVAC- Alice Jane Childs Bldg     | \$ 12,000      | Utility Charges             |

# CAPITAL IMPROVEMENTS FUND

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## Cost Avoidance

| <u>Project</u>                      | <u>Area of Costs Avoidance</u> |
|-------------------------------------|--------------------------------|
| • Renovation of the AJC Data Center | System Repairs.                |

This renovation will also improve data security and system redundancy.

Most of the cash funded capital projects are concerned with replacement of older, less efficient systems and equipment or maintaining facilities. Any increase or decrease in operational costs related to Capital projects are typically included in the departmental budgets the year following the completion of the project.

## CAPITAL IMPROVEMENTS PROGRAM

### PLANNING

Planning and programming for capital projects consists of arranging the proposed improvements in a time schedule for construction so that services are provided in a coordinated manner, and that the funds are available. Future conditions are never wholly predictable therefore, provisions for yearly review and revisions to meet changing conditions are a necessary part of the program.

This Committee is made up of the following members:

- Citizen Member, Chairman of the Planning Commission and Capital Improvement Review Committee
- Director of Community Development
- Director of the Budget
- Director of General Services
- Citizen Member, Cedar Run Magisterial District \*
- Citizen Member, Lee Magisterial District \*
- Citizen Member, Center Magisterial District\*
- Citizen Member, Marshall Magisterial District\*
- Citizen Member, Scott Magisterial District\*

\*Voting Members

The Capital Improvements Review Committee reviews the CIP and evaluates the individual projects based on the following criteria:

- Legal Requirements
- Public Health, Safety, or Welfare
- Fiscal Impacts
- Community Economic Impact
- Community Goals and Objectives
- Public Support
- Extent of Service
- Related Projects
- Quality of Life
- Board of Supervisors' Strategies and Priorities

# **CAPITAL IMPROVEMENTS FUND**

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## **CAPITAL IMPROVEMENTS PROGRAM**

The CIP is then recommended and forwarded by the Committee to the Planning Commission for review and recommendation to the Board of Supervisors. The Planning Commission is required to hold public hearings, as deemed necessary, on the proposed CIP. Once received by the Board of Supervisors the CIP is reviewed, a public hearing is held, final modifications are made, and the CIP is then approved as a ten year planning guide. The Board of Supervisors approves funding for the first year of the CIP during its regularly scheduled Board adoption date for the entire County budget. During the budget process various methods of funding are used to support essential CIP projects.

### **OBJECTIVES AND ADVANTAGES**

The objectives and advantages to Fauquier County of a capital improvements program are as follows:

1. Assists in the implementation of the Comprehensive Plan, particularly the Service District concept.
2. Lower costs are achieved by avoiding crisis financing, obtaining better interest rates and taking advantage of State and Federal loans and grants.
3. Real estate required for various improvements may be acquired in advance, when it is available and when the market price is favorable.
4. Untimely scheduling of public works is reduced.
5. The taxpayers may readily see the various capital items and costs involved which are proposed for their County.
6. The County Board of Supervisors and the citizenry are better protected from pressure groups attempting to force through "pet projects" at the expense of more worthwhile projects benefiting the entire County.
7. Public support, which is essential for the success of any program, is fostered due to the wide publicity that is given to the proposed capital improvements program.
8. A means for scheduling capital expenditures is provided so that the County can maintain a sound financial position and a balanced program of bonded indebtedness.
9. Projects are planned on the basis of real need and the ability to pay.
10. Priorities for competing projects may be established on the basis of both need and cost.
11. The timing of public improvements is scheduled so that the County can make economic use of personnel and equipment.

# **CAPITAL IMPROVEMENTS FUND**

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## **CAPITAL IMPROVEMENTS PROGRAM**

12. Needed annual tax support and bond issues may be anticipated without causing erratic fluctuations in the tax rate, and bond amounts may be reduced and possibly even eliminated in the future.
13. By determining the amount and location of growth planned for the County, it is possible to create a basis from which to judge needs for capital expenditures. With proper planning, the County will be able to avoid the provision of services that are in excess of its capabilities.

## **POLICY GUIDANCE**

The Board of Supervisors adopted the following policy guidance for the Administration, Bond Referendums, Financing, and Content of the Capital Improvements Program:

## **ADMINISTRATION**

1. In accordance with 15.1-464 of the Code of Virginia, the Planning Commission shall prepare and revise annually a program of capital improvement projects.
2. The Budget Department is designated as the primary office responsible for formulation of the Capital Improvements Program.
3. All departments and agencies are requested to submit proposed capital improvement projects to the Budget Office in accordance with the established administrative procedures.
4. The Capital Improvements Program will be submitted so as to reflect the requests of all agencies even if scheduling is not included in recommended program.
5. The recommended Capital Improvements Program should be submitted annually to the Board of Supervisors' not later than the January Board of Supervisors' meeting.

## **BOND REFERENDUMS**

1. All new facility construction projects or acquisitions that exceed \$25 million shall be subject to voter referendum, regardless of financing mechanism.
2. The referendum threshold for new facility construction projects shall be lowered to \$2.0 million in the event that the County has or, through the issuance of the contemplated debt, will exceed 100% of the County's debt capacity. (Debt capacity shall be defined as 10% of General Fund revenues committed to debt service.)

# **CAPITAL IMPROVEMENTS FUND**

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## **CAPITAL IMPROVEMENTS PROGRAM**

### **FINANCING**

The Capital Improvements Program will be formulated within the framework of the financial capability of the County of Fauquier. The following guide is currently used

1. Annual debt service, as a percentage of annual general fund revenues, should not exceed 10 percent per year with fluctuations in any three-year period not to exceed 12 percent.
2. The Budget Office will prepare the financial portion of the program.

### **CONTENT**

1. The Capital Improvements Program will include all new or expanded physical facilities for the community, including large-scale replacement or rehabilitation of existing facilities, and major items of equipment.
2. Projects are to be non-recurring.
3. Land acquisition, engineering and architectural costs will be included as part of the capital cost.
4. The Capital Improvements Program report should contain the following:
  - a. A financial analysis to include projections of future revenues and expenditures.
  - b. Planning Commission recommendations to include recommended capital improvements, and summary of all Capital and Operational funds needed.
5. Operational cost related to each project will be provided in detail.

### **GOALS AND POLICIES**

A set of definitive goals and policies is needed so that decisions on the expenditure of public funds for physical improvements can be made in a cohesive and logical manner. The need for these statements of goals and policies is important, not only to guarantee the wise and efficient placement of the public dollars, but also to let private entities and potential residents know what they might expect in the way of public expenditures and activity. It is also important to coordinate county activities with those developments occurring in the private sector and with other governmental units. These goals and policies also translate into the County's priorities and citizen pride in County accomplishments.

# **CAPITAL IMPROVEMENTS FUND**

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## **CAPITAL IMPROVEMENTS PROGRAM**

The County's goals and policies with respect to the CIP are listed below in order of importance:

**1. SAFETY AND HEALTH**

Fauquier County shall provide such facilities as are necessary for the minimum recognized level of protection of life and property. Higher levels of service are desirable if adequate resources are available.

**2. EDUCATION**

Fauquier County shall provide quality public education to all County residents through the County School System, the Cooperative Extension Services and the Virginia Community College System.

**3. ECONOMIC DEVELOPMENT**

Fauquier County shall initiate those improvements that would lead to the preservation or creation of commercial, agricultural, and industrial development that maintain and improve the economic well being of the citizenry.

**4. CULTURAL AND RECREATIONAL FACILITIES AT THE COMMUNITY LEVEL**

Fauquier County should use every effort to provide cultural and recreational facilities to satisfy the range of needs within the community and provide the citizenry with a pleasing physical and mental environment in which to live.

**5. SERVICE TO THE PUBLIC**

Fauquier County should provide facilities that aid in the improvement of the general image of the County, and to increase levels of services providing either greater convenience or efficiencies to the public or their own governmental agencies.

### **PRIORITIES:**

In CY 2005 the Board of Supervisors' adopted a priority dealing with the Capital Improvement Program. This priority seeks joint planning agreements with the School Board, Parks and Recreation Board and the Community College to improve long-range planning for public facilities. To attain this priority a management objective with a quantifiable measure was developed.



## CAPITAL IMPROVEMENTS FUND

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### MANAGEMENT OBJECTIVE:

Ensure all unfunded capital projects are coordinated with the School Board, Library Board, Parks and Recreation Board and Community College in order to maximize the joint use of new facilities.

### PERFORMANCE

#### MEASUREMENTS:

CIP Projects Are Evaluated For Joint Use

| FY 2004 | FY 2005 | FY 2006   | FY 2007 |
|---------|---------|-----------|---------|
| Actual  | Actual  | Estimated | Goal    |
| N/A     | N/A     | Yes       | Yes     |

